

AMENDED IN SENATE APRIL 17, 2006

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1329

Introduced by Senator Alquist

February 17, 2006

An act to add Chapter 19 (commencing with Section 50899) to Part 2 of Division 31 of the Health and Safety Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1329, as amended, Alquist. Community development: healthy food choices.

Existing law charges the Department of Housing and Community Development with the administration of various programs that facilitate community development, including the Community Development Block Grant Program.

This bill would require the Department of Housing and Community Development, in partnership with the State Department of Health Services, *and to the extent funds are available*, to establish the "Healthy Food Retailing Initiative" to provide residents of underserved communities with retail *food* markets that would offer healthy, high quality, and affordable food. The bill would require the department to provide ~~grants or loans, should these funds become available, on a competitive basis for workforce development and training, land acquisition, construction, and rehabilitation of land improvements, access, equipment, and business plan costs~~ *rehabilitation, onsite improvement, and offsite improvement fundamental to the development of the project. The bill would also require the department to provide grants on a competitive basis for*

business plan development, feasibility studies, outside technical assistance, equipment and other startup costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 19 (commencing with Section 50899) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 19. ACCESS TO HEALTHY, AFFORDABLE FOOD
CHOICES ACT

50899. This chapter shall be known and may be cited as the Access to Healthy, Affordable Food Choices Act.

50899.1. The Legislature hereby finds and declares all of the following:

(a) Increasing access to retail food markets is an important strategy for improving the nutritional health and economic vitality of low-income communities.

(b) Community food assessments conducted in California have demonstrated that residents of low-income communities often have inadequate access to high quality, affordable healthy food.

(c) California has the second highest rate of overweight and low-income children in the nation.

(d) According to the Centers for Disease Control and Prevention, over 20 percent of California adults are overweight compared to 1991 when less than 10 percent of California adults were overweight.

(e) The growing epidemic of overweight is due to poor diet and physical inactivity, putting growing numbers of Californians at risk for type 2 diabetes, hypertension, heart disease, and cancer.

(f) Nutrition and physical inactivity-related diseases are the second leading cause of preventable deaths in the United States. These diseases account for 28 percent of preventable deaths each year, which is more than AIDS, violence, car crashes, alcohol, and drugs combined.

1 (g) Obesity costs California an estimated \$21.7 billion a year
2 in medical costs and lost productivity. Medical care costs
3 associated with obesity are greater than those associated with
4 both smoking and problem drinking.

5 (h) While individuals make choices about what they eat, these
6 choices are affected by the availability of food in their
7 environment.

8 (i) Retail grocery stores are important economic anchors in
9 communities, generating jobs, recycling money back into the
10 local economy, and creating opportunities for other small and
11 large businesses.

12 (j) Improving the availability, quality, and prices of food in
13 existing small stores can improve local economic development
14 by building upon existing community resources, and
15 strengthening relationships between local merchants and
16 residents.

17 (k) Farmers' markets can help support farmers and serve as
18 small business incubators where local residents can sell products
19 such as baked goods or nonfood items.

20 50899.2. For purposes of this chapter, the following
21 definitions apply:

22 (a) "Department" means the Department of Housing and
23 Community Development.

24 (b) "Retail *food* market" means a for-profit or not-for-profit
25 retailer that will increase access to healthy, high quality, and
26 affordable food ~~including, but not limited to, projects to develop~~
27 ~~or revitalize retail grocery stores or farmers' markets, to improve~~
28 ~~or increase healthy food options stocked at existing corner stores~~
29 ~~or small markets, or other innovations that meet the intent of this~~
30 ~~section. A "retail market" is not a restaurant.~~

31 (c) "Underserved community" means ~~the following:~~ *a*
32 *community in which existing retail food markets are inadequate*
33 *to serve the healthy food needs of residents and that meets one of*
34 *the following criteria:*

35 (1) In metropolitan statistical areas, the median family income
36 is less than 80 percent of the area median family income.

37 (2) In nonmetropolitan statistical areas, the median family
38 income is less than 80 percent of the statewide median family
39 income.

(3) ~~An area~~ *Is* adjacent to a census tract that meets the income criteria described in paragraph (1) or (2).

50899.3. (a) ~~The~~ *To the extent funds are available, the* department shall establish, in partnership with the State Department of Health Services, the “Healthy Food Retailing Initiative” for the purpose of providing residents of underserved communities with retail markets that will offer healthy, high quality, and affordable food. *Eligible projects include, but are not limited to, projects to develop or revitalize retail grocery stores or farmers’ markets, to improve or increase healthy food options stocked at existing corner stores or small markets, or other innovations that meet the intent of this section. A restaurant is not an eligible project for purposes of this section.* ~~Should public or private funds become available for this initiative, the~~ *The* department shall provide ~~grants or loans on a competitive basis for workforce development and training, land acquisition, construction, and rehabilitation of land improvements, access, equipment, onsite improvements, or offsite improvements that are fundamental to the development of the project. The~~ department shall also provide competitive grants for business plan development, feasibility studies, *outside* technical assistance, and other startup costs, ~~not including costs.~~ *Neither grants nor loans shall be used to pay operating costs.* Feasibility studies shall be eligible for funding only if there is evidence that the study will gather important new information and is likely to result in a retail food market project. ~~The~~ *To the extent possible, the* departments shall provide technical assistance to grant or loan recipients.

(b) An applicant for the initiative may be a for-profit business enterprise, including, but not limited to, a corporation, limited liability company, sole proprietor, cooperative or partnership, a nonprofit organization, or governmental entity.

(c) To be eligible for a grant or loan under this chapter, an applicant shall serve an underserved community in which the proposed retail food market project will improve, increase, or preserve retail access to healthy, high quality, affordable food for low-income residents of the community. Applicants shall demonstrate that the community supports the proposed project, that the project will have a positive economic impact on the surrounding community, that the project is likely to be successful

1 and economically self-sustaining, and any other criteria as the
2 department may determine and that are consistent with the
3 purposes of this chapter.

4 *(d) The department shall rate and rank applicants by the*
5 *following priority-ordered criteria:*

6 *(1) The income level of the community and the degree to which*
7 *the community is underserved by retail food markets.*

8 *(2) The degree to which the project will improve, increase, or*
9 *preserve retail access to healthy, high quality, affordable food*
10 *for the low-income residents of the underserved community.*

11 *(3) The degree to which the underserved community supports*
12 *the project.*

13 *(4) The capacity of the applicant to successfully complete the*
14 *project and the likelihood that the project will be economically*
15 *self-sustaining.*

16 *(5) The degree to which the project will have a positive*
17 *economic impact on the underserved community. Applicants who*
18 *demonstrate a commitment to strong local hiring practices shall*
19 *receive additional consideration.*

20 *(6) Other criteria the department may determine and that are*
21 *consistent with the purposes of this chapter.*

22 ~~(d) Applicants shall demonstrate that the retail market will, by~~
23 ~~the conclusion of the funded project, primarily sell groceries,~~
24 ~~produce, meat, baked goods, and dairy products to the widest~~
25 ~~possible group of consumers. This subdivision does not apply to~~
26 ~~farmers' markets.~~

27 *(e) Loan agreements shall include a provision requiring that*
28 *the retail food market primarily sell groceries, produce, meat,*
29 *baked goods, and dairy products to the widest possible group of*
30 *consumers for the term of the loan. The department shall*
31 *establish alternate requirements applicable to farmers' markets*
32 *and to grant recipients.*

33 ~~(e) If an applicant accepts a grant or loan under this chapter~~
34 ~~and fails to complete the proposed retail market project as~~
35 ~~described in the application or meet any other requirements that~~
36 ~~the department set prior to the application, the applicant shall~~
37 ~~repay the grant or loan to the department. The department may~~
38 ~~undertake any necessary means available under law for~~
39 ~~recouping these grants and loans.~~

1 (f) *Loans and grants made pursuant to this section shall be*
2 *subject to the same interest rates, terms, conditions, and*
3 *maximum loan or grant amounts that are applicable to the State*
4 *Community Development Block Grant Program administered by*
5 *the department.*

6 ~~(f)~~

7 (g) It is the Legislature's intent that funds described in this
8 section be used to leverage other funding including, but not
9 limited to, *work force development funds*, New Markets Tax
10 Credits, incentives available to enterprise zones, and funding
11 from financial institutions under the federal Community
12 Reinvestment Act (12 USCA, Section 2901).